

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5308-01
Bill No.: SB 1056
Subject: Medicaid; Department of Social Services; Hospitals; Nursing and Boarding
Homes; Pharmacy; Insurance-Medical
Type: Original
Date: March 16, 2010

Bill Summary: This legislation enacts provisions relating to MO HealthNet provider taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and cost of Unknown would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 208.007 & 208.471:

Officials from the **Department of Health and Senior Services** and the **Department of Revenue** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Mental Health (DMH)** state the statute sections (633.401 and 633.410) containing the DMH provider taxes are not listed in this proposal, therefore DMH provider taxes are not impacted by the proposal. No fiscal impact to the DMH.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services** assume the legislation provides that any funds generated by Mo HealthNet federal reimbursement allowances or provider taxes under the Hospital Reimbursement Allowance, Nursing Facility Reimbursement Allowance, Medicaid Managed Care Organization Reimbursement Allowance and Pharmacy provider tax shall not be construed to specifically obligate the state to reimburse such funds to the providers.

The federal sunset for the managed care organization reimbursement allowance was September 30, 2009; therefore, this section of the proposed legislation will not have an impact on MO HealthNet.

ASSUMPTION (continued)

The funds from the NFRA program were previously required to be spent on the nursing facility program. This legislation broadens the use of those funds to all MO HealthNet programs.

Per section 338.550 RSMo the pharmacy tax would expire ninety days after: (1) the aggregate dispensing fee as appropriated by the General Assembly paid to pharmacists per prescription is less than the fiscal year 2003 dispensing fees reimbursement amount or (2) the formula used to calculate the reimbursement as appropriated by the General Assembly for products dispensed by pharmacies is changed resulting in lower reimbursement to the pharmacist in the aggregate than provided in fiscal year 2003. With the passage of this legislation if the state did not appropriate funds to the pharmacy providers equal to the 2003 level the tax would expire. For FY 2011 MHD anticipates it will collect \$88,430,473 from the provider tax which would be used as a funding source instead of General Revenue. It is assumed if the legislation is enacted and funding is not appropriated at the 2003 level General Revenue would replace this funding.

This legislation also repeals the provision that required the federal reimbursement allowance for hospitals to terminate 180 days after the end of any state fiscal year when the federal reimbursement allowance assessment is more than 85% of the total aggregate MO HealthNet direct payments, uninsured add-on payments, and enhanced graduate medical education payments.

Currently the funds generated by the provider taxes are used to fund those programs. In addition, the hospital provider tax is used as a funding source for managed care plans. If the General Assembly doesn't appropriate money for this purpose, it may have a negative impact on General Revenue. Also, if funds generated by the provider taxes are not appropriated for the MO HealthNet program federal match funds would not be available for MO HealthNet services. The fiscal impact is unknown.

Officials from the **Division of Budget and Planning** have not responded to Oversight's request for fiscal information.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Costs</u> - Department Social Services Program Costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services Federal Assistance	Unknown	Unknown	Unknown
<u>Costs</u> - Department of Social Services Program Costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Sections 208.007 & 208.471:

This legislation provides that any funds generated by Mo HealthNet federal reimbursement allowances or provider taxes under the Hospital Reimbursement Allowance, Nursing Facility Reimbursement Allowance, Medicaid Managed Care Organization Reimbursement Allowance and Pharmacy provider tax shall not be construed to specifically obligate the state to reimburse such funds to the providers. Any amounts to be paid to those obligated to pay the taxes shall be determined through the appropriation process by the General Assembly based on services rendered in the Mo HealthNet program.

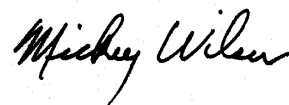
This legislation also repeals the provision that required the federal reimbursement allowance for hospitals to terminate 180 days after the end of any state fiscal year when the federal reimbursement allowance assessment is more than 85% of the total aggregate MO HealthNet direct payments, uninsured add-on payments, and enhanced graduate medical education payments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Office of the Secretary of State

Not Responding: Division of Budget and Planning



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